

City of Detroit

---

## OFFICE OF THE AUDITOR GENERAL



## **Audit of the Mayor's 2006-2007 Proposed Budget**

**AUDIT OF THE MAYOR'S 2006-2007  
PROPOSED BUDGET**

**CONTENTS**

	<b><u>Page</u></b>
AUDIT PURPOSE, SCOPE, OBJECTIVES AND METHODOLOGY	
<b>AUDITOR GENERAL'S MESSAGE .....</b>	<b>i</b>
<b>SUMMARY</b>	
SUMMARY OF RESULTS .....	I
Exhibit 1 – MAJOR COMPONENTS OF THE INCREASE IN BUDGETED REVENUES .....	IX
Exhibit 2 – MAJOR COMPONENTS OF THE INCREASE IN BUDGETED APPROPRIATIONS .....	X
Exhibit 3 – MAJOR REVENUES BY SOURCE .....	XI
Exhibit 4 – APPROPRIATIONS BY MAJOR OBJECT .....	XII
<b>REVENUES</b>	
Exhibit 5 - MAJOR REVENUES FOR FISCAL YEAR 1996-1997 THROUGH FISCAL YEAR 2006-2007 .....	1
STATE REVENUE SHARING .....	2
MUNICIPAL INCOME TAX REVENUE .....	6
PROPERTY TAX REVENUE.....	10
CASINO RELATED REVENUES .....	14
UTILITY USERS' TAX REVENUE .....	18
BONDS, CERTIFICATES AND NOTES PAYABLE.....	20
Exhibit 6 – ESTIMATED REVENUES BY SOURCE .....	25
Exhibit 7 - REVENUES BY AGENCY .....	27
<b>APPROPRIATIONS</b>	
Exhibit 8 - APPROPRIATIONS FOR FISCAL YEAR 1996-1997 THROUGH FISCAL YEAR 2006-2007 .....	29
SALARIES AND WAGES .....	30

**AUDIT OF THE MAYOR'S 2006-2007  
PROPOSED BUDGET**

**CONTENTS**

	<b><u>Page</u></b>
<b>APPROPRIATIONS CONTINUED</b>	
Exhibit 9 - NUMBER OF EMPLOYEES BY DEPARTMENT.....	36
Exhibit 10 - COMPARISON OF BUDGETED TO ACTUAL POSITIONS.....	38
FRINGE BENEFITS (EXCLUDING PENSIONS) .....	39
Exhibit 11 – FRINGE BENEFITS COST IN TOTAL .....	43
Exhibit 12 – FRINGE BENEFITS COST COMPARISON FOR CIVILIAN AND UNIFORM EMPLOYEES.....	44
Exhibit 13 – FRINGE BENEFITS COST PER BUDGETED POSITION .....	45
PENSIONS .....	46
SUMMARY OF EMPLOYEE TURNOVER SAVINGS .....	52
Exhibit 14 - APPROPRIATIONS BY AGENCY .....	53
<b>OTHER</b>	
GENERAL FUND ESTIMATED SURPLUS/(DEFICIT).....	55
Exhibit 15 - COMPARATIVE TOTAL FISCAL YEAR BUDGETS .....	57
RISK MANAGEMENT FUND.....	58
DEPARTMENT OF TRANSPORTATION.....	65

## **AUDIT PURPOSE, SCOPE, OBJECTIVES, AND METHODOLOGY**

### **Audit Purpose**

This audit provides an overview of the Mayor's 2006-2007 Proposed Budget and the Office of the Auditor General's (OAG) conclusions regarding the reasonableness of the budget assumptions and projections. This audit was performed under the OAG's Charter mandate to investigate the administration and operation of any city agency.

### **Audit Scope**

We focused our audit on the major revenues and appropriations proposed; changes in the City's organizational structure; projections and assumptions related to the Risk Management Fund, the Department of Transportation, and the General Fund estimated surplus or deficit for the current year; and significant emerging issues.

Our audit was conducted in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States, except for the completion of an external peer review of the Office of the Auditor General within the last three years.

Due to the short timeframe of 13 days between the Mayor's presentation of his budget to City Council and the Auditor General's presentation of our audit results to the City Council there was not sufficient time to solicit written or oral responses from the auditee regarding the conclusions included in this report. However, we maintained an ongoing communication with the auditee throughout the audit engagement.

### **Audit Objectives**

Our audit objectives were:

- To determine whether budget assumptions and projections included in the Mayor's 2006-2007 Proposed Budget are reasonable;
- To assess whether recommended changes in the City's organizational structure are reasonable; and
- To determine whether the Mayor's 2006-2007 Proposed Budget complies with ordinances and laws established by local and State government.

### **Audit Methodology**

To accomplish our objectives, our audit work included the following:

- A review of the prior year's audit work;
- A review of pertinent local and state laws and regulations;
- A review of the Adopted 2005-2006 Budget;
- A review of the Mayor's 2006-2007 Executive Summary;
- An analysis of the major revenues and appropriations, and the underlying assumptions included in the Mayor's 2006-2007 Proposed Budget;

- Interviews with personnel from various City departments.
- An analysis of prior year actual revenues and expenditures and current year estimated revenues; and
- An analysis of other budgetary aspects of City operations included in the Mayor's 2006-2007 Proposed Budget that we considered necessary to achieve our objectives.